

STATEMENT OF PURPOSE**RS20596**

The purpose of this legislation is to reduce health care costs in the Medicaid budget and improve the healthcare delivery system in Medicaid. The proposed changes to the law will implement policies that should be changed or deleted temporarily because of the current economic situation, with the possibility of being continued later, because they are found to be excellent business practices; permanently discontinue policies when they are poor business practices; discontinue benefit programs when the preponderance of scientific evidence does not support the outcomes; re-design certain optional programs to reflect those basic needs that are necessary to prevent elevated costs in other areas; propose to eliminate the fee-for-service healthcare delivery to a managed care approach which will focus on improved healthcare outcomes; remove all forms of self-referral by certain healthcare providers; maximize co-pays to the extent allowed under federal law to encourage personal responsibility; provide structural support to implement changes.

FISCAL NOTE

Fiscal impact: A savings of \$34 million to the state general fund.

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